Consumer Credence towards Online Shopping – A Study of Karnataka Consumers

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ABSTRACT

The Purpose of this study is to explore the acceptance of online retailing by consumers in both tier 1 & tier 2 cities. The detailed study is made with more than thousand respondents across tier 1 & tier 2 cities of Karnataka. Attempt has been made to understand the key parameters that consumer look forward while online shopping. Results shows the consumers prefer online shopping however age group 25 to 45 prefer to shop more, consumers with great computer & literacy & internet users are prone to do online shopping. Gender does play a role in online shopping men are highly positive about online shopping. Occupation plays a key role in online shopping. High income group tends to shop more online. When shopping online Secure Payment process, guarantee & warrantee of the products, quality of the products, promotion, and privacy protection are considered as key factors.

INTRODUCTION

Online Retail or E-tailing is defined as sale of consumer goods to general public through websites operated by pure play online retailers or those owned by store based retailers. This term also includes mobile commerce sales through smart phones or tablets. E-commerce is becoming everywhere commerce right now. The fact that e-tailing's growth is going to be disruptive, is supported by several factors. E-Commerce started in India in the year with the introduction of B2B portals in 1996, now it is one of the successful medium for business transactions. India's E-Commerce market grew at a staggering 88% in 2013 to $16 billion, riding on booming online retail trends and defying slower economic growth and

spiralling inflation, according to a survey by industry body ASSCHOM. India's E-Commerce market was about Rs.24 billion in 2009, it went up to Rs.58 billion in 2011 and to Rs.139 billion in 2013 and is expected to grow huge Rs.504 billion by 2023 that would be 5.3% of the total retail market from the current contribution of 0.1% to total retail market. The trend of online shopping is set to see greater heights in coming years, not just because of India's rising internet population, but also due to changes in the supporting ecosystem. The E-Commerce market in India is smaller than in other markets that Forrester forecasts in Asia, but it is growing the fastest. Retailers have a sizeable opportunity as the online population starts to spend more and buy more frequently online. The growth in the E-tailing market is driven by the need to save time by urban India. Besides with over 2.5 billion internet users, access to internet has also played an important role in growing the markets. Changing demographics (youthful India), changing lifestyles and exposure to the developed markets sure give a fillip to this fledgling industry. On the other hand the soaring real estate costs in India have certainly inspired many an online venture. Also E-tailers have developed many innovative promotions to lure customers and there by growing the market. Besides that growth drivers are No real estate costs, Minimal Investment, Easy and comfortable access, Search option, user friendly, Effective price discrimination, Customized product placement, Global reach, Increasing internet users, Changing demographics, New /convenient modes of payment, Better interaction with the customers, Mass Media/Social networks. Customers today are more sophisticated, they do their homework before making buying decision. They check online, study product feature, compare features and prices and solicit friends through social media and blogs.

1.1 Literature Review

According to Makwana, Dattani, & Badlani (2015) have found that the online shopping has become extremely popular over the last decade. Utilized mostly by the "Net-Generation", this service is extremely convenient. Although online shopping can be very convenient and beneficial there are also some potential problems that can arise. Consumers have been seen to exhibit different buying behaviours when shopping online than when they are shopping in a physical store. After applying statistical techniques it was found that there is no significant difference among the response of male and female students .This makes it imperative that retailers study the behaviours of consumers and make changes in order to remain profitable and successful. The overall results prove that the respondents have perceived online shopping in a positive manner. This clearly justifies the project growth of online shopping. The results can also be used by various organizations to identify their target customer segments.

According to Goyal (2013), in his study mentions that the future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the Ecommerce industry in India i.e. replacement guarantee, M-Commerce services, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal, dedicated 24/7 customer care centre should be there.

We found various types of opportunities for retailers, wholesalers/distributors, producers and also for people. Retailers meet electronic orders and should be in touch with the consumers all the time. Wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on-line. Producers can also linking themselves with on-line, by giving better information about their products to the other links in the business chain and by a having a brand identity.

In their research study, Chen & Barnes, (2007) have examined the consumers' online initial trust by using four major categories of determinants: perceived technology, perceived risk, company competency, and trust propensity. The study found that perceived usefulness, perceived security, perceived privacy, perceived good reputation, and willingness to customise are the important antecedents to online initial trust. It is also discovered that different levels of trust propensity moderate perceptions toward the web site and online with respect to online initial trust, including perceived usefulness, perceived security, perceived privacy, perceived good reputation, and willingness to customise. Both online initial trust and familiarity with online purchasing have a positive impact on purchase intention

Jun & Jaafar (2011) in their study mentions that the online shopping provides a good example of the business revolution. In China, e-commerce is currently experiencing a period of rapid development; the large number of Internet users provides a good foundation for the expansion of the online shopping market. In this study, perceived usability, perceived security, perceived privacy, perceived after-sales service, perceived marketing mix, and perceived reputation were used for analysis. This research was conducted by using the primary data source, and the survey method was employed in the research. This research found that there were relationships between the perceived usability, perceived security, and perceived privacy, perceived after-sales service, perceived marketing mix, perceived reputation and consumers' attitude to adopting online shopping in China. However, only marketing mix and reputation were found to significantly influence consumers' attitude to adopt online shopping. The findings help us in understanding consumers' online purchase behaviour

Balamurugan, Satish & Sathyanarayanan (2013) have studies the highest influencing attributes on intention to buy online. The study revealed their finding that factors like perceived risk, ease of use and product attributes are positively correlated with online purchase intention. Among these variables, product attributes is the major factor that leads to high purchase intention for online shopping. Ease of use construct is positively correlated with the intention towards online purchase, i.e., when the ease of use increases the intention to purchase online also increases. Usefulness is negatively correlated with intention to purchase .Product attributes which consist of factors like time saving, less or no travelling, product customization, and access to global brands is positively correlated to intention to purchase. Perceived risk is positively correlated with intention to buy

Mengli (2010) has reported that there are only three out of five factors included in the equation for explaining attitude towards online shopping, which are perceived ease of use, perceived usefulness and trust. The excluded factors are personal awareness of security and perceived risk. It can be represented that mostly concerning factors are ease of use and usefulness that lead to attitude formation towards online shopping.

1.2 Objectives & Hypothesis of Research

Our research to study consumer credence on online retailing is based on certain objectives:

- To study the demographic profile and awareness level of the respondents
- To find out the factors that are considered as important while online shopping
- To study attributes that people look forward while online shopping

1.3 Major Hypothesis Includes

- Age group (25-35) are highly influenced to do online shopping
- There is high degree correlation between income of the respondents and their intention to online shopping
- Gender doesn't play role in online shopping
- Occupation plays significant role in online shopping
- Computer & internet literacy influence online shopping

RESEARCH METHODOLOGY

Research on the effect of consumer credence towards online retailers is a descriptive research. Here population represents residents of Karnataka. Probability sampling method is used from finite population. Sample selected comprises of business professionals, students & other educated people who shopped online. The size of internet users' population of Karnataka is kept in mind and samples size of 1000-1200 was decided for the convenience of research. Data collection was planned through Questionnaires and communicated through email & online survey software tool. Questions were prepared using Nominal scale & Ordinal scale as attributes studied were non parametric. After checking the validity & reliability of the questionnaire primary data was collected from respondents. Since scale used in the questionnaire was non- parametric in nature therefore data was coded in order to analyse data. Microsoft Office – Excel was used as analysis tool. To determine the causal-effect relationship between different variables, Chi Square test was used.

RESULT & DISCUSSION

Since data collected is nonparametric in nature therefore data analysis is done using Chi Square test at 5% significance level ($\alpha=0.05$). Null hypothesis is rejected where $\alpha \leq 0.05$ & it is accepted when $\alpha > 0.05$. Microsoft office excel is used to analyse data. Distribution of study samples of main strata are as follows in table A

Table A

Variable		Percentage
Age	Under 25 years	2%
	26 to 35 years	63%
	36 to 45 years	29%
	46 to 55 years	3%
	Above 55 years	2%

Gender	Male	60%
	Female	40%
Type of City	Tier 1	68%
	Tier 2	32%
Occupation	Service	67%
	Business	10%
	Other	23%
Monthly House Hold Income	Less than 20 K	2%
	20-50 K	30%
	50-100 K	40%
	Over 100K	28%

- **Hypothesis 1:** Age group (25-35) are highly influenced to do online shopping. In order to prove above hypothesis Chi-square test is conducted. There is significant difference between age & online shopping. Table Statistics that chi-square calculated at 4 Degree of freedom @ 0.05% level of significance is 8.11 which is less than the critical value then you "fail to reject" the null hypothesis (table 1). This Table supports the hypothesis. 100% of respondents in age group 25 to 35 are very positive about online shopping and encouraging shopping online.

- **Hypothesis 2:** There is high degree correlation between income of the respondents and their intention to online shopping, Good income influences the online shopping. Chi-square test was conducted between the income of respondents & their purchase intention. Table Statistics that chi-square calculated at 3 Degree of freedom @ 0.05% level of significance is 1.23 which is less than the critical value then you "fail to reject" the hypothesis (Table 2).

- **Hypothesis 3:** Gender does not play role in intention towards online shopping. Chi-square test was conducted between the gender of respondents & their purchase intention. Table Statistics that chi-square calculated at 1 Degree of freedom @ 0.05% level of significance is 13.56 which is greater than the critical value which rejects the hypothesis (Table 3). Gender does play role in online shopping intention. 2% of female shoppers are negative about online shopping whereas 100% of men respondents are positive about online shopping.

- **Hypothesis 4:** Occupation plays significant role in online shopping. Chi-square test was conducted between the occupation of respondents & their purchase intention. Table Statistics that chi-square calculated at 2 Degree of freedom @ 0.05% level of significance is 0.92 which is less than the critical value which fail to reject the hypothesis (Table 4). Occupation does play role in online shopping intention. 2% of female shoppers are negative about online shopping whereas 100% of men respondents are positive about online shopping. Respondents listed as under occupation service are most positive about online shopping.

- **Hypothesis 5:** Computer & internet literacy influence online shopping. Chi-square test was conducted between respondents with number of years of experience in computer, internet & their purchase intention. Table Statistics that chi-square calculated at 3 Degree of freedom @ 0.05% level of significance is 1.66 which is less

than the critical value which fail to reject the hypothesis (Table 5). Computer literacy & internet does play role in easing the online shopping intention.

3.1 Essential Factors that Encourages Online Shopping

To understand more about online shopping by respondents, we have asked them to rank the factors that are most important, important & not important that encourages online shopping from an e-tailing e- tailers. Most Important Factors are Secure Payment Process, Quality of Product, Ease of Use, Delivery Time, Return Policy .Somewhat important factors are Promotion, Guarantee & warrantee of products, Customer service, clear product & features, Wide Product Variety

Factors that are not that important are Touch & feel before buy, enjoyment/Fun, and Personal internet. Other Factors like Company reputation, provision of various payment modes, Download time or speed of website gained a neutral feedback on the importance.

The below chart briefs the respondents ranking of importance of factors or attributes. Few years backs touch & feel of the products was the main drawback of e-commerce, now 17 % of consumers' mentions that it is not that important due to easy return policy for any exchanges if the product is not satisfactory.

Table B

Factors	Ranking
Secure payment process	1
Quality of the product	2
Ease of use	3
Delivery time	4
Return policy	5
Promotion	6
Clear product features and benefits	7
Guarantee and warrantee of the products	8
Customer service	9
Wide Product variety	10
Discounts on the products	11
Personal Internet access	12
Previous experience	13
Enjoyment/Fun	14
Touch & Feel before buy	15

3.2 The Influencing Factors of Online Shopping in Consumers Mind

To under consumer behaviour towards online shopping list of 20 factors were listed and was asked to rank in Likert type scale and the findings are very interesting. Consumer shop online since its ease of use, they can check review before buying, convenient, they find brick & mortar shopping is cumbersome due to driving, parking, searching the products on floor etc.

They also strongly believe that online shopping saves time ,provides wide variety, they are the first to launch the latest fashion & they launch it very frequently, its quick shopping navigate ,decide & check out ,its round the clock shopping. It's easy to compare prices between brands and select and make purchase decision. The organised e-tailers provide hassle free returns, they assure faster delivery, in a way it provides money saving it terms of discount, travelling etc. While all the above encourages online but they are some factors that pulls the online shopping down some of them are no real time customer service ,no touch & feel of the product, while the promotions are attractive low quality products are circulated in the market to make price points attractive. The detailed chart is given below for better understanding.

Table C

Online Shopping	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Rank
Ease of use	2%	0%	7%	58%	32%	1
Can check reviews	0%	2%	7%	60%	30%	2
Convenient	0%	2%	10%	53%	35%	3
Offline is cumbersome	0%	0%	12%	50%	37%	4
Saves time	0%	5%	10%	55%	30%	5
Wide variety	0%	0%	15%	60%	25%	6
Frequent new launches	2%	2%	15%	65%	15%	7
Quick shopping	2%	2%	15%	60%	20%	8
24*7 shopping	2%	8%	10%	57%	22%	9
Easy price comparison	0%	2%	20%	45%	32%	10
No hassle of return	2%	2%	20%	40%	35%	11
Provides faster delivery	0%	0%	30%	48%	22%	12
Saves money	0%	2%	28%	47%	22%	13
Enjoyment/fun	0%	5%	30%	50%	15%	14
Best bargains	2%	7%	25%	47%	17%	15
No real time customer service	0%	2%	35%	40%	22%	16
Promotions are attractive	2%	10%	28%	40%	20%	17
Online will overpower offline	2%	25%	28%	30%	15%	18
Spend leisure time	5%	32%	33%	17%	12%	19
Provides better quality	2%	17%	63%	12%	5%	20

3.3 Preferred Product Line on Online & Offline

The findings from the below chart consumers prefer online for toys, consumer durables, computer & electronic goods, book, gifts, tickets of travel, movie etc. With emerging apparel online retailer's apparel seems to see more growth. Women are preferring to buy lingerie online as this gives privacy to select and hence apparel business will sees its spike soon. Food delivery is very much in demand these days and food business will sees it light in online business. More online service providers like online tuition, online kids engagement program, online tailoring, online house hold services are provided. Hence people will start towards online due to its convenience of time & all the things are just a click away.

Table D

Product Line	Online	Offline
Jewellery	5%	95%
Electronics like Mobiles, cameras etc.	58%	42%
Computer Products and accessories	63%	37%
Clothes/Apparel	27%	73%
Furniture and furnishings	20%	80%
Toys	65%	35%
CD/DVDs	82%	18%
Home & living products	47%	53%
Books and related products	95%	5%
Handbags & Luggage	40%	60%
Cosmetics	47%	53%
Gift items	65%	35%
Food items	22%	78%
Fruits and Vegetables	12%	88%
Groceries	17%	83%
Airplane/Train/Bus Tickets	98%	2%
Cinema/Concert/Theatre Ticket	98%	2%

CONCLUSION

Online retailers are changing the way people shop and this paper has clearly explained how people are open for online shopping. Inferences from this paper that people shop online who belong to all regions, all occupation, all income levels, all ages (even kids consume their engagement program online). Consumers of age group 25 to 45 are mostly shopping online as they are earning good, spending good & belongs computer generation. Consumers in service prefers online shopping mainly its 24*7 shopping and they have lack their leisure time these days. With online retailers getting more apps on mobiles the online reach is picking up more. Internet users are increasing year over year which is additional benefit. Low tariffs of internet is advantageous. Online services are very versatile and covering most of the service and products right from beauty services, leisure classes at home, tuitions, online classes, house maintenance services, daily vegetables, milk, groceries supply. Every service is available at a click away and reached door step at convenient time

that you slot for delivery. With India having younger generation the boom to online is unbelievable. Many Indian consumers are sold on this concept, because of the ease of use. Also on the other end internet habituated customer are currently spread across India i.e., geographically dispersed. This dispersion does allow for the accumulation of enough demand foe brick and mortar to open store, yet these same consumers aggregated at Pan India become attractive opportunity for E-tailer. India online market will explode over next few years, thanks to infrastructure improvement, increased internet access for rural regions, rising wealth and customers' growing predisposition to spend.

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APPENDIX

Tables for Chi-square Results

Test Statistics: **Table 1**	
Age & Online shopping	
Chi square	8.11
DOF	4
Critical Value	9.488
SIG LEVEL	0.05
Shows a significant difference between age of the respondents & intention for online shopping	

Test Statistics: **Table 2**	
Income & Online shopping	
Chi square	1.23
DOF	3
Critical Value	7.82
SIG LEVEL	0.05
Shows a significant difference between income of respondents & online shopping intention.	

Test Statistics: **Table 3**	
Gender & Online shopping	
Chi square	13.56
DOF	1
Critical Value	3.841
SIG LEVEL	0.05
Shows a significant difference between gender & intention for online shopping	

Test Statistics: **Table 4**	
Occupation & Online shopping	
Chi square	0.92
DOF	2
Critical Value	5.991
SIG LEVEL	0.05
Shows a significant difference between occupation that influences online shopping	

Test Statistics: **Table 5**	
Computer literacy & Online shopping	
Chi square	1.66
DOF	3
Critical Value	7.815
SIG LEVEL	0.05
Shows a significant difference Experience in computer, internet & online shopping	